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THE BOARD

June 2007

EUB completes historic sour gas initiative

Committee's 87 recommendations now implemented

Introduction to the Canadian Natural Gas Industry—From Wellhead to Burner-Tip

August 23-24 2007

Calgary, Alberta

The Canadian Energy Research Institute (CERI) seminar covers the origins of natural gas, how the resource base is defined and measured, the concept of mineral rights and resource ownership, technologies behind drilling for and producing natural gas, and regulations governing natural gas exploration, production, and transportation, among other issues.

For more information contact Sue Johnsgaard at (403) 220-2357 or sjohnsgaard@ceri.ca. You can also visit the CERI Web site at www.ceri.ca.

About the EUB

Our mission is to ensure that the discovery, development, and delivery of Alberta's energy resources and utilities services take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, oil sands, coal, and electric energy, pipelines, and transmission line development.

In the utilities side, we regulate investor-owned and certain municipally owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through two core functions: adjudication and regulation, information and knowledge.

The EUB has wrapped up a landmark seven-year initiative that has changed the way sour gas is regulated and developed in Alberta.

The EUB has now addressed the 87 recommendations of the multistakeholder Provincial Advisory Committee Public Safety and Sour Gas (PSSG). The PSSG initiative was established in January 2000 to review and assess the province's regulatory regime as it relates to health and safety.

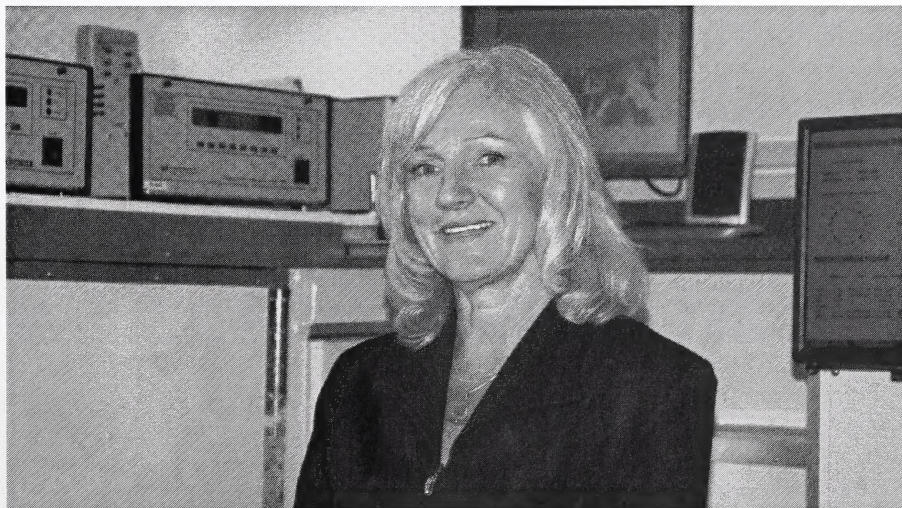
In implementing the recommendations, the EUB has toughened sour gas development regulations and their enforcement, assisted in the development of comprehensive information on the health effects of sour gas exposure, improved coordinated planning for sour gas development in both rural and urban areas, tightened regulations for the inspection and testing of sour gas

pipelines, and created an EUB Public Safety Group.

The EUB has also changed requirements so that landowners are consulted earlier and more comprehensively than ever before by companies proposing sour gas development and issued a landowner guide that features 40 questions the public have the right to have answered.

"These advances represent a fundamental cultural shift in Alberta's sour gas industry," Marilyn Craig, EUB Public Safety manager, told media, invited guests, and EUB staff at the release of the final report in Calgary in June. "We've asked Albertans, the public, industry, and people who work in the industry [about sour gas development]. We've listened, and we've responded."

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Marilyn Craig, EUB Public Safety manager

■ ■ ■ Recent EUB publications

■ News Releases

June 19: News Release (NR 2007-25): EUB Issues Monthly Enforcement Action Summary

June 19: News Release (NR 2007-26): EUB Issues Provincial Surveillance and Compliance Summary

June 16: News Release (NR 2007-24): EUB Investigates Water Injection Well Explosion Near Taber

June 11: News Release (NR 2007-23): EUB Investigates Compressor Station Explosion and Fire North of Rocky Mountain House

June 7: News Release (NR 2007-22): EUB Completes Groundwork for Future of Sour Gas Development in Alberta Public Safety and Sour Gas Committee helps Alberta maintain world's tightest sour gas rules

June 5: News Release (NR 2007-21): Alberta to be one of the Largest Global Oil Producers by 2016

June 4: News Release (NR 2007-20): EUB Announces Inquiry into NGL Extraction Practices

■ Bulletins

June 21: Bulletin 2007-17: Draft Directive Performance Presentations, Auditing, and Surveillance of In Situ Oil Sands Schemes for Stakeholder Review and Comment

June 19: Bulletin 2007-16: Public Availability of EUB Enforcement Information

May 29: Bulletin 2007-15: 2007 Administration Fees, General Assessment, and Funding of Broad Industry Initiatives

■ Publications

June 21: ST41: Year In Review

June 21: Draft Directive: Performance Presentations, Auditing, and Surveillance of In Situ Oil Sands Schemes

June 19: ST108: EUB Monthly Enforcement Action Summary

June 19: ST99: EUB Provincial Surveillance and Compliance Summary

June 7: Public Safety and Sour Gas Final Report: Final Report for the EUB's Public Safety and Sour Gas (PSSG) Initiative (March 2007)

June 5: ST98: Alberta's Energy Reserves and Supply/Demand Outlook

May 7: Directive 017: Measurement Requirements for Upstream Oil and Gas Operations

■ Decisions

June 19: Decision 2007-049: FortisAlberta Inc. 2008 Transmission Adjustment Rider and Securitization of AESO Charges Deferral Account Amounts

June 19: Decision 2007-050: AltaLink Management Ltd. and TransAlta Utilities Corporation 2007-2008 Transmission Facility Owner Tariff Compliance with Board Directions from Decision 2007-012

June 12: Decision 2007-047: Canadian Natural Resources Limited, Application for Compulsory Pooling - Bellis Field

June 5: Decision 2007-044: Inter Pipeline Extraction Ltd. Application to Amend Straddle Plant Licence No. 20329 Cochrane

June 5: Decision 2007-045: West Energy Ltd., Review and Variance of Decision 2006-058 Respecting Effective Date of Off-Target Penalty and Highpine Oil & Gas Limited Application for Increase in Allowable Oil Production Pembina Field

June 5: Decision 2007-046: West Energy Ltd. and Highpine Oil & Gas Limited Applications for Enhanced Recovery and Good Production Practice Pembina Field

May 29: Decision 2007-038: Coral Energy Canada Inc., Nexen Marketing and Tenaska Marketing Canada Incorporation of Alternate Access in NOVA Gas Transmission Ltd.'s Tariff

May 29: Decision 2007-039: Canadian Natural Resources Limited Section 39 Review Request of Licence 20499, Line 4 Lloydminster Field

Provincial summary shows industry meeting regulations

Results from the EUB's recently released *Provincial Surveillance and Compliance Summary for 2006* reveal that Alberta energy companies are achieving high rates of compliance with EUB requirements.

Industry's rate of compliance with high-risk EUB requirements was stable at 97.2 per cent in 2006, a slight decrease of 1 per cent from 2005, according to the report. In addition, the pipeline failure rate in Alberta has dropped by 30 per cent since 2000, while the number

of pipeline failures per 1000 kilometres of line was 2.2 in 2006 compared to 3.3 in 2000.

The report also shows that the public registered 880 complaints to the EUB about oil and gas facilities, 5 per cent fewer than in 2005. EUB field staff respond to all public complaints about upstream oil and gas activities in Alberta.

Annual sulphur emissions from Alberta gas plants, meanwhile, have fallen by 28 per cent since 2000 (56 000 tonnes in 2006, compared to 78 000 tonnes in

2000). Since 1974, Alberta gas plants have reduced their sulphur emissions by over 75 per cent (from 229 000 tonnes in 1974 to 56 000 tonnes in 2006).

As a result of the EUB's rigorous site inspections, 177 energy facilities and operations were suspended in 2006. Since 2000, the EUB has suspended more than 1000 energy facilities and operations.



UB completes historic sour gas initiative

(continued from page 1)

In 2000, following a one-year research and information gathering process, which included two rounds of meetings in nine towns and 16 aboriginal communities in Alberta, the committee presented the EUB with 87 recommendations towards achieving a better understanding of sour gas—also known as hydrogen sulfide or H_2S —improving the sour gas regulatory system, reducing the impacts of sour gas on public health and safety, and improving public consultation on sour gas matters.

Sour Gas Facts

- Alberta has over 6000 producing sour gas wells, about 250 operating sour gas processing plants, and 18 000 km of operating sour gas pipelines. There are also over 5000 sour oil facilities in the province.
- In 2006, sour gas accounted for about 33 per cent of all natural gas produced in Alberta, or about 45.3 billion cubic metres (1.6 trillion cubic feet) of gas.
- About 21 per cent of Alberta's total remaining gas reserves are sour gas—that is about 240.6 billion cubic metres (8.5 trillion cubic feet of gas).
- The average H_2S concentration of Alberta sour gas in 2006 was 8.9 per cent.
- A 2003 PSSG report on the benefits of sour gas development (PSSG Recommendation 79) noted that the sour gas industry supported 37 000 jobs and generated about \$1.3 billion in wages and salaries.
- The royalties collected on natural gas, natural gas liquids, and sulphur from sour gas production in 2000 was \$1.52 billion.

Bitumen production continues to surpass conventional: EUB report

Alberta bitumen production outstripped that of conventional crude oil by more than two times last year, a recently released EUB report has revealed.

The *Alberta's Reserves 2006 and Supply/Demand Outlook 2007-2016* shows that in 2006 crude bitumen production surpassed conventional oil production by 231 per cent. Bitumen production for 2006 reached 72.8 million cubic metres (458 million barrels), an increase of 18 per cent from 2005, compared to conventional oil production of 31.5 million cubic metres (198 million barrels), for a decrease of 5 per cent over the same period.

Annual bitumen production in Alberta has increased by 88 per cent since 2000, or by 34 million cubic metres (214 million barrels); the EUB expects annual bitumen production to rise to more than one billion barrels by 2016, the report said.

Alberta's total remaining established bitumen and conventional oil reserves totaled 174.8 billion barrels, consisting

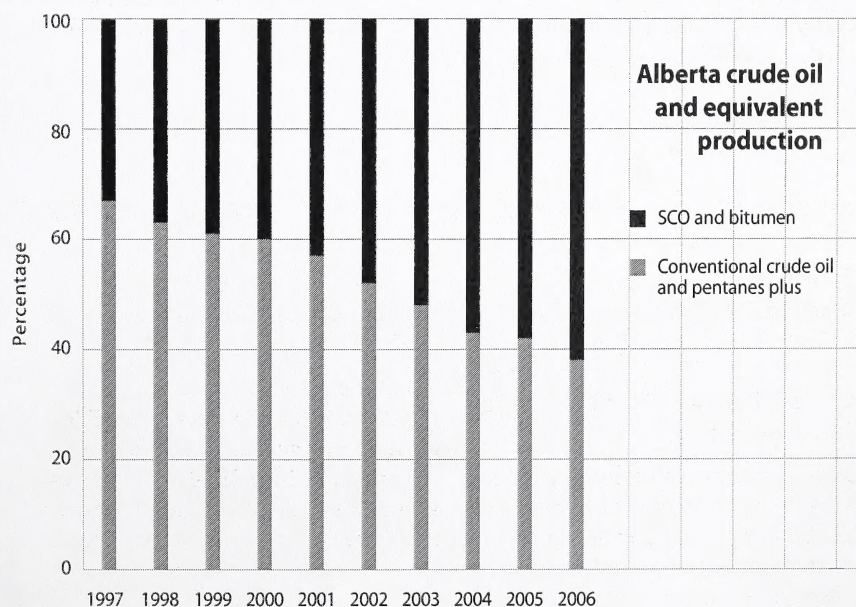
of bitumen at 27.5 billion cubic metres (173.2 billion barrels) and conventional oil at 250 million cubic metres (1.6 billion barrels).

The report states that the “ability to shift from conventional oil to bitumen is unique to Alberta, allowing the province to offset the continued decline in conventional oil with bitumen production.”

“The EUB estimates that bitumen production will more than double by 2016. The share of nonupgraded bitumen and SCO (synthetic crude oil) production in the overall Alberta crude oil and equivalent supply is expected to increase from 62 per cent in 2006 to 86 per cent by 2016,” the report concludes.

Meanwhile, remaining established marketable gas reserves stand at 1.1 trillion cubic metres (40.5 trillion cubic feet) and production was 138 billion cubic metres (4.9 trillion cubic feet) in 2006.

Remaining established coal reserves are estimated to be 37 billion tonnes, while 32.5 million tonnes were taken from the ground in 2006.



Upcoming Public Hearings

Application No.	Applicant	Hearing Purpose
1475525 1499441	Taylor Processing Inc.	Application for three natural gas pipelines and to amend Licence No. 4285 - Harmattan Elkton Fields
Start date: July 9, Cremona Community Centre, 302 Centre Street, Cremona, AB		
1514422	EUB Proceeding	Application for review of Bears paw Petroleum Ltd. Complaint re Enforcement
July 10, West Hall, EUB Offices, 640 5 Avenue SW, Calgary, AB 9 a.m.		
1475827 1497233	Montane Resources Ltd.	Application for Compulsory Pooling, Common Carrier & Common Processor Beauvallon and Mannville Fields
Start date: July 24, EUB Office - Govier Hall, 640 - 5 Avenue, Calgary, AB 9:00 a.m.		
1478406	EnCana Corporation	Application for two connecting natural gas pipelines Mikwan Field
Start date: July 25, EUB Offices, 640 - 5 Avenue SW, Calgary, AB		
1481043 1481044 1481045	Advantage Oil and Gas Ltd.	Application for a multi well battery and two satellites - Chip Lake Field
Start date: August 8, Wildwood and District Family Recreation Comple, 5530 - 50 Street, Wildwood, AB		
1494406	AltaGas Utilities	2007 Revenue Requirement
Start date: August 8, EUB Office Edmonton, 12th Floor Hearing Room, 10055 - 106 Street, Edmonton, AB		
1460731	EUB Proceeding	Notice of intention to issue a declaration naming David N. Matheson and Ronald P. Bourgeois under Section 106 of the OGCA
Start date: August 15, EUB Office, 640 5 Avenue SW, Calgary, AB 9:00 a.m.		
1480869 1486164	Highpine Oil & Gas Limited	Application for two critical wells - Pembina Field
Start date: August 20, Town of Drayton Valley Omniplex, 5737 - 45 Avenue, Drayton Valley, AB		
1479476 1505721 1506137 1506694 1477016 1479473	Apache Canada Ltd.	Application for two coalbed methane wells and two natural gas pipelines
Start date: August 23, Ponoka Legion, 3911 Highway 2A, Ponoka, AB		
1487188 1499076 1500699	Duvernay Oil Corporation	Application for a gas well, gas battery and pipeline Edson Area
Start date: September 18, Edson & District Recreation Complex, #1 Golf Avenue, Edson, AB		
1483550 1483444 1507485	Anderson Energy Ltd.	Application for two vertical wells and a pipeline
Start date: September 25, Chateau Suites, #1, 5100 Lakeshore Drive, Sylvan Lake, AB		

Pending Decisions

Application No.	Applicant	Hearing Purpose
1394112 1409180	EnCana Oil & Gas Partnership CNRL Husky	Applications to shut in gas production and to produce gas
1444141	North West Upgrading Inc.	Application to construct, operate and reclaim a bitumen Upgrader, North West Upgrader Project, Sturgeon County
1459453 1451106	West Energy Ltd.	Application for licences to drill two crude oil wells targeting Nisku Formation - Pembina Field
1481041	Ecb Enviro North America Ltd.	Lethbridge Biogas Cogeneration Power Plant
1485740	ATCO Electric Ltd.	2007 - 2008 General Tariff Application

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Utilities: For information or to file a consumer utility complaint, contact us at

EUB Utilities Branch, 10th floor, 10055-106 Street,
Edmonton, Alberta T5J 2Y2
Fax: (780) 427-6970
Complaints: (780) 427-4903*
E-mail: <utilities.concerns@eub.ca>

Oil and gas: For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company does not respond appropriately, you may contact the nearest EUB Field Centre.

EUB Field Centres	(24-hour service)
Bonnyville	(780) 826-5352*
Drayton Valley	(780) 542-5182*
Grande Prairie	(780) 538-5138*
Fort McMurray	(780) 743-7214*
High Level	(780) 926-5399*
Medicine Hat	(403) 527-3385*
Midnapore	(403) 297-8303*
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*To call toll free from anywhere in Alberta, dial 310-0000 and enter the phone number, including area code, or press zero for a RITE operator.

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